Non-GAAP Measures

EBIT Margin (Operating Margin)
We define EBIT Margin as earnings before interest and taxes as a percentage of sales. Lowe's believes that EBIT Margin is a useful measure to describe the Company's operating profit.

EBITDAR
We define EBITDAR as earnings before interest, taxes, depreciation, amortization, share-based payments and rent.

Lease Adjusted Debt
We define Lease Adjusted Debt as long-term debt, current maturities of long-term debt, short-term debt and eight times the last four quarters' rent. We believe eight times rent is a reasonable industry standard estimate of the economic value of our leased assets.

Lowe's believes the ratio of Lease Adjusted Debt to EBITDAR and the ratio of Lease Adjusted Debt to Adjusted EBITDAR are useful supplemental measures, as they provide indications of the results generated by the Company and its level of indebtedness in relation to its capital structure by reflecting cash flow that could be used to repay debt

Non-GAAP Measures

ROIC

We define ROIC as trailing four quarters Net Operating Profit after Tax (NOPAT) divided by the average of ending debt and equity for the last five quarters.

Lowe's believes ROIC is a useful measure of how effectively the Company uses capital to generate profits.

Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities less property acquired.

Lowe's believes Free Cash Flow is a useful measure to describe the Company's financial performance and measures our ability to generate excess cash from our business operations.

Non-GAAP Measures

Adjusted Sales

We define Adjusted Sales as Sales adjusted for charges related to the elimination of the 53rd week which occurs in Lowe's FY2011.

Adjusted EBIT Margin (Adjusted Operating Margin)

We define Adjusted EBIT Margin as earnings adjusted for charges related to store closings and discontinued projects announced in Q3 FY11 and the elimination of the 53rd week which occurs in Lowe's FY2011, before interest and taxes as a percentage of sales.

Adjusted Net Earnings

We define Adjusted Net Earnings as Net Earnings adjusted for charges related to store closings and discontinued projects announced in Q3 FY11 and the elimination of the 53rd week which occurs in Lowe's FY2011.

Adjusted EPS

We define Adjusted EPS as Net Earnings adjusted for charges related to store closings and discontinued projects announced in Q3 FY11 and the elimination of the 53rd week which occurs in Lowe's FY2011, divided by Lowe's diluted share count.

Non-GAAP Measures

Adjusted EBITDAR

We define Adjusted EBITDAR as earnings adjusted for charges related to store closings and discontinued projects announced in Q3 FY11, before interest, taxes, depreciation, amortization, share-based payments and rent.

Adjusted ROIC

We define Adjusted ROIC as trailing four quarters Net Operating Profit after Tax, adjusted for charges related to store closings and discontinued projects announced in Q3 FY11 and the elimination of the 53rd week, divided by the average ending debt and equity for the last five quarters

Non-GAAP Measures

The Company believes that several factors relating to fiscal 2011 affect comparability to prior year and forecasted future year results. The Company's fiscal year ends on the Friday nearest the end of January, and Fiscal 2011 includes 53 weeks. Also, as part of our efforts to focus resources in a manner that will generate the greatest shareholder value, during the quarter ended October 28, 2011 we approved and announced plans to close 27 underperforming stores across the United States. In addition, after completing a comprehensive review of our pipeline of proposed new stores, we approved and announced plans during the three months ended October 28, 2011, to no longer pursue a number of planned new store projects. As a result of these decisions, Fiscal 2011 is impacted by charges associated with these store closings and discontinued projects. Lowe's believes that Adjusted Sales, Adjusted Net Earnings, Adjusted EBIT Margin, Adjusted EPS, Ratio of Lease Adjusted Debit to Adjusted EBITDAR, and Adjusted ROIC are useful measures for comparison to prior year results and forecasted future year results.

Non-GAAP Measures

Non-GAAP financial measures should be considered in addition to, not as a substitute for, total debt, sales, net income, EPS or other measures of financial performance prepared in accordance with GAAP.

Lowe's method of determining the foregoing non-GAAP financial measures may differ from other companies. Accordingly, such non-GAAP financial measures may not be comparable to measures used by other companies.

Reconciliation of Non-GAAP Measures

Amounts in Billions

EBIT and NOPAT (Note 1)	**FY 2011E**
Net Earnings	**$ 1.8**
Taxes	$ 1.1
Interest	$ 0.4
EBIT	**$ 3.2**
Effective Tax Rate	37.4%
Tax Adjustment	$ 1.2
NOPAT	**$ 2.0**

Note 1: Amounts may not add due to rounding

E = Estimate

Reconciliation of Non-GAAP Measures

Amounts in Billions

Adjusted EBIT and Adjusted NOPAT (Note 1)	**FY 2011E**
Net Earnings	**$ 1.8**
Taxes	$ 1.0
Interest	$ 0.4
Adjustments (Note 2)	$ 0.4
Adjusted EBIT	**$ 3.6**
Effective Tax Rate	37.4%
Tax Adjustment	$ 1.3
Adjusted NOPAT	**$ 2.2**

Note 1: Amounts may not add due to rounding

Note 2: Non-GAAP adjustment made for charges related to store closings and discontinued projects announced in Q3 FY11 ($0.4), and 53rd Week (-$0.0)

E = Estimate

Reconciliation of Non-GAAP Measures

Amounts in Billions

EBITDAR and Adjusted EBITDAR (Note 1)	**FY 2011E**
Net Earnings	**$ 1.8**
Taxes	$ 1.1
Interest	$ 0.4
Depreciation (Note 2)	$ 1.6
Share-based Payments	$ 0.1
Rent	$ 0.4
EBITDAR	**$ 5.3**
Adjustments (Note 3)	($ 0.4)
Adjusted EBITDAR	**$ 5.7**

Note 1: Amounts may not add due to rounding

Note 2: Depreciation is total company depreciation, including Distribution Networks and Production Facilities

Note 3: Non-GAAP adjustment made for charges related to store closings and discontinued projects announced in Q3 FY11 ($0.4)

E = Estimate

Reconciliation of Non-GAAP Measures

Amounts in Billions Except per Share Data

	FY 2011E	Store Closings / Discontinued Projects[1]	53rd Week[1]	FY 2011E Adj[2]
Net Sales	**$ 49.9**	N/A	($ 0.7)	**$ 49.2**
Net Earnings	$ 1.8	$ 0.3	($ 0.0)	**$ 2.0**
EPS	**$ 1.39**	**$ 0.20**	**($ 0.03)**	**$ 1.56**

Note 1: Non-GAAP adjustment made for charges related to store closings and discontinued projects announced in Q3 FY11, and 53rd Week

Note 2: Amounts may not add due to rounding

E = Estimate

Reconciliation of Non-GAAP Measures

Amounts in Billions

Lease Adjusted Debt (Note 1)	**FY 2011E**
Short-term Borrowings	-
Current Maturities of LTD	$ 0.6
Long-term Debt Excluding Current Maturities	$ 7.0
Total Debt	**$ 7.6**
Rent (last four quarters)	$ 0.4
8 Times Rent	$ 3.2
Lease Adjusted Debt	**$ 10.9**

Note 1: Amounts may not add due to rounding

E = Estimate

Reconciliation of Non-GAAP Measures

Amounts in Billions

Free Cash Flow (Note 1)	**FY 2011E**
Net cash provided by operating activities	$ 4.0
Property acquired	($ 1.9)
Free Cash Flow	**$ 2.1**

Note 1: Amounts may not add due to rounding

E = Estimate